
BADMINTON CANADA
Financial Statements
Year Ended March 31, 2014

BADMINTON CANADA

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INDEPENDENT AUDITOR'S REPORT

To the Members of Badminton Canada

We have audited the accompanying financial statements of Badminton Canada, which comprise the statement of financial position as at March 31, 2014 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Badminton Canada derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Badminton Canada. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2014, current assets and net assets as at April 1, 2013 and March 31, 2014.

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Independent Auditor's Report to the Members of Badminton Canada *(continued)*

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Badminton Canada as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Ottawa, Ontario
June 1, 2014

Leslie & MacLeod
Leslie & MacLeod, Chartered Accountants
(A Professional Corporation)
Authorized to practise public accounting by
The Institute of Chartered Accountants of Ontario

BADMINTON CANADA

Statement of Financial Position

March 31, 2014

	<i>March 31</i> 2014	<i>March 31</i> 2013
ASSETS		
CURRENT		
Cash	\$ 177,106	\$ 12,135
Short-term investment	-	25,482
Accounts receivable	74,136	50,315
Harmonized sales tax recoverable	36,635	41,430
Prepaid expenses	17,340	16,235
	<u>305,217</u>	<u>145,597</u>
PROPERTY AND EQUIPMENT <i>(Note 3)</i>	<u>2,618</u>	<u>1,432</u>
	<u>\$ 307,835</u>	<u>\$ 147,029</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 48,253	\$ 47,699
Deferred revenue <i>(Note 4)</i>	69,091	45,536
	<u>117,344</u>	<u>93,235</u>
NET ASSETS		
General fund	<u>190,491</u>	<u>53,794</u>
	<u>\$ 307,835</u>	<u>\$ 147,029</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

BADMINTON CANADA

Statement of Revenues and Expenditures Year Ended March 31, 2014

	2014	2013
REVENUE		
Sport Canada	\$ 283,900	\$ 237,500
Donations	142,311	28,309
National championships	91,214	97,388
National circuits	84,373	87,559
International tournaments	74,281	38,512
Sponsorship	72,750	182,525
Membership fees	67,177	66,715
Prize money	22,401	22,939
Canadian Open	15,000	-
Athlete contributions	14,213	10,853
General	6,668	10,374
Provincial tournaments	1,759	86
Merchandise sales	90	110
Regional partnerships	-	10,000
Canadian Olympic Committee	-	23,550
Translation	-	10,000
Coaching Association of Canada	-	10,509
BWF world senior championships	-	134
	876,137	837,063
EXPENSES (Schedule 1)	739,440	840,198
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	136,697	(3,135)
OTHER INCOME (EXPENSE)		
Write-down of investments	-	(4,291)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 136,697	\$ (7,426)

BADMINTON CANADA

Statement of Changes in Net Assets

Year Ended March 31, 2014

	2014	2013
FUND BALANCE - BEGINNING OF YEAR	\$ 53,794	\$ 61,221
Excess of revenue over expenses	<u>136,697</u>	<u>(7,426)</u>
NET ASSETS - END OF YEAR	<u>\$ 190,491</u>	<u>\$ 53,795</u>

BADMINTON CANADA

Statement of Cash Flows Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Results of operations	\$ 136,697	\$ (7,426)
Item not affecting cash:		
Amortization of equipment	2,092	999
	138,789	(6,427)
Changes in non-cash working capital:		
Short-term investment	25,482	14,173
Accounts receivable	(23,821)	(33,841)
Accounts payable and accrued liabilities	554	35,113
Prepaid expenses	(1,105)	1,315
Harmonized sales tax recoverable	4,795	(3,930)
Deferred revenue	23,555	25,792
	29,460	38,622
Cash flow from operating activities	168,249	32,195
INVESTING ACTIVITY		
Purchase of equipment	(3,278)	(1,299)
INCREASE IN CASH FLOW	164,971	30,896
CASH (DEFICIENCY) - BEGINNING OF YEAR	12,135	(18,761)
CASH - END OF YEAR	\$ 177,106	\$ 12,135

BADMINTON CANADA

NOTES TO FINANCIAL STATEMENTS

Year Ended March 31, 2014

1. DESCRIPTION OF OPERATIONS

Badminton Canada (the "Association") is incorporated without share capital under the Canada Corporations Act. The Association's primary objective is to be an innovative and highly respected sports organization that is the leader in contributing to badminton becoming the most successful racquet sport in Canada and the world by enabling Canadian Athletes, Coaches and Officials of all ages, cultural background and skill level the opportunity to excel in badminton and in life.

The Association is a Registered Canadian Amateur Athletic Association under the Canadian Income Tax Act and as such is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Association follows the standards in Part III of the CICA Handbook and has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies outlined below.

Fund accounting

The Association follows the deferral method of accounting for contributions.

The general fund accounts for the Association's program delivery and administration activities.

The property and equipment fund reports the assets, liabilities, revenues and expenditures related to the Association's property and equipment.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Equipment	3 years	straight-line method
Computer equipment	3 years	straight-line method

Property and equipment are assessed for impairment when events or circumstances indicate their carrying value may not be recovered. An impairment loss is recorded if the assets' net recoverable amount, based on estimates of undiscounted cash flows, is less than their carrying values.

Capital management

The Association defines capital as invested in property and equipment and unrestricted net assets. The Association's objectives when managing capital are to fund capital additions, continue as a going concern, and to protect its ability to meet its on-going liabilities.

The Association is not subject to externally imposed capital requirements and its overall strategy with respect to capital remains unchanged from the year ended March 31, 2013.

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BADMINTON CANADA

Notes to Financial Statements Year Ended March 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from the sale of products is recognized when the product is shipped and collection is reasonably assured.

Donation revenue is recognized when received.

Sport Canada contributions are subject to specific terms and conditions regarding the expenditure of the funds. The Association's records are subject to audit by Sport Canada to identify instances, if any, in which amounts charged against contributions have not complied with the agreed terms and conditions and which, therefore, would be refundable to Sport Canada. In the event that adjustments to prior years' contributions are requested, they would be recorded in the year in which Sport Canada requests the adjustments.

Cash equivalents

Highly liquid investments with maturities of three months or less at date of purchase are considered to be cash equivalents.

Financial instruments policy

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income.

Financial assets measured at amortized cost on a straight-line basis include cash, accounts receivable, and government remittances receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities, payroll liabilities, RRSP payable and deferred revenue.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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BADMINTON CANADA

Notes to Financial Statements Year Ended March 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services

Board members, employees and other volunteers volunteer their time to assist in the Association's activities. While these services benefit the Association considerably, a reasonable estimate of their fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment	\$ 19,792	\$ 17,174	\$ 2,618	\$ 1,432

4. DEFERRED REVENUE

Deferred revenue represents monies received for events which took place subsequent to March 31, 2014.

5. GENERAL REVENUE

	2014	2013
Interest	\$ 7	\$ 3
General	6,661	10,370
	<u>\$ 6,668</u>	<u>\$ 10,373</u>

6. LEASE COMMITMENTS

The Association has a lease with respect to its premises. Future minimum lease payments as at March 31, 2014 are approximately as follows:

2015	<u>\$ 11,400</u>
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BADMINTON CANADA

Notes to Financial Statements

Year Ended March 31, 2014

7. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2014.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. In order to reduce its credit risk, the Association conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of customers which minimizes concentration of credit risk.

Fair Value

The Association's carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximates its fair value due to the immediate or short term maturity of these instruments.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is not exposed to interest rate risk.

BADMINTON CANADA

Expenses		<i>(Schedule 1)</i>
Year Ended March 31, 2014		
	2014	2013
ASSOCIATION MANAGEMENT		
Wages and benefits	\$ 126,564	\$ 115,057
AGM / board meetings	19,992	18,508
Accounting and legal	19,015	16,731
Travel	17,299	25,346
Office	17,105	13,675
Advertising and promotion	16,068	12,659
Bad debt	14,546	9,177
Rent	11,400	12,525
Translation	10,154	10,885
Membership database	7,971	10,324
Insurance	5,700	6,546
Interest and bank charges	5,287	2,760
Website	3,290	1,500
Memberships and dues	2,300	8,908
Amortization	2,092	999
Strategic planning	2,079	1,143
	280,862	266,743
PARTICIPATION AND DEVELOPMENT		
National circuits	77,750	92,705
National championships	66,621	104,145
Officials	35,900	32,371
National Coaching Certification Program	18,784	18,485
BWF world senior championships	15,300	36
Other	-	167
Regional partnerships	425	9,881
	214,780	257,790
HIGH PERFORMANCE PROGRAMS		
International tournaments	64,136	118,748
National team	63,517	141,216
Program management	46,397	10,572
Pan Am championships	23,170	11,316
World championships	18,531	4,991
Training camp	14,409	-
Long term athletic development	6,653	7,626
Thomas Uber Cup	4,680	-
Prize money	2,305	17,374
Manuals and rule books	-	3,822
	243,798	315,665
GRAND TOTAL	\$ 739,440	\$ 840,198